



January 23, 2008

House Energy and Technology Committee  
Lansing, Michigan

Re: Clean Energy Legislation - HB 5548, HB 5549 and HB 5525

Dear Representatives:

A tremendous amount of work is reflected in the latest proposed legislation for a renewable energy standard (RES), which is outlined in HB 5548 and HB 5549, and energy efficiency (HB 5525). We thank the committee members who co-chaired the various subcommittees and whose diligent efforts encompass significant input from a wide variety of stakeholders.

We think this work on renewable energy and energy efficiency, if complimented with a robust integrated resource planning process for building new capacity, will put Michigan on track for meeting our energy needs in a cost effective manner that protects Michigan's natural resources. We believe renewable energy and energy efficiency costs are lower than the cost of other potential new capacity for meeting energy demand.

The Michigan Environmental Council supports the passage of the legislation before the committee. We would like to continue to work with members to refine the bills as they move through the process and augment the package with other legislation to complete the overall energy plan.

The energy efficiency legislation (HB 5525) reflects the work of a large number of stakeholders and will work toward reducing demand for electricity and natural gas in a cost effective manner. This program is critical to Michigan moving forward on satisfying its energy needs. That process should move forward as new rules are put into place.

We remain concerned and would like to continue working with members on the following issues:

**HB 5548 (H-1) Draft 4**

- Definition of "biomass" includes existing municipal solid waste incinerators and the inclusion of energy from potential expansion of those facilities.
- The definition of energy from pump storage facilities must be refined to avoid double counting.
- Definition of "renewable energy resource" includes industrial thermal energy generated from fossil fuels.



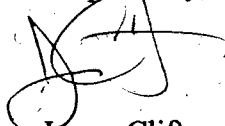
- Lack of long term contracts could undermine potential cost savings to ratepayers and undermine investor confidence.
- The scope of peak demand credits should not be limited.

**HB 5549 (H-1) Draft 4**

- Specific language on cost constraints must still be analyzed but what need to insure the costs are fairly passed through to ratepayers.
- Opt-out language is too permissive and should be tightened up.
- There need to be meaningful penalties or fines for noncompliance.

Although we have concerns with the legislation, we support their passage from committee to move Michigan toward renewable energy and energy efficiency programs which we believe will result in economic development opportunities and protection for our natural resources. We also look forward to working with the committee on the other components of a clean energy package that will move Michigan forward in this critical area.

Respectfully,



James Clift  
Policy Director